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FIRST COUNTRY COOPERATION FRAMEWORK FOR COSTA RICA (1998-2000)

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I. INTRODUCTION

1. The Government of Costa Rica proposes this cooperation framework, prepared on the basis of the Government's plan and the advisory note drawn up by UNDP. It includes an assessment of the situation of the country from a sustainable human development perspective; a summary of the main problems that arise in the short and medium term; suggested priority fields for UNDP cooperation and management arrangements, all of which are in accordance with the successor programming arrangements set out in decision 95/23 of the UNDP Executive Board.

2. Given the convergence of views of the Government and UNDP with respect to the advisory note, the cooperation framework reflects the diagnosis contained in the reports on the state of the nation and takes advantage of the credibility and legitimacy enjoyed by UNDP in the country in the light of its comparative advantages. In addition, it favours the continuity of strategic programmes, independently of governmental changes.

II. SITUATION OF THE COUNTRY FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

3. The concept of sustainable human development has been adopted in Costa Rica as a useful frame of reference that brings together the collective aspirations of society. It is useful to summarize the problems that arise in terms of the core programme issues of human development: poverty, governance, gender and sustainability.

Poverty

4. In all UNDP reports on human development, Costa Rica has figured among the countries with a high degree of human development: in 1997 it was in 33rd place out of all countries. However, this level of development is not adequate to meet the aspirations of the entire population. Per capita income has not increased appreciably in recent years and structural problems of poverty persist. State finances are in a precarious situation, as reflected in the substantial level of national debt.

5. According to the human poverty index (HPI), Costa Rica is in a favourable position, being in fifth place among the developing countries. However, according to official figures, 21.6 per cent of households suffer from low income, while 6.9 per cent do not have an income sufficient to meet their food requirements and are therefore in a situation of extreme poverty. With respect to human poverty it is significant that, of the 20 cantons with post-neonatal child-mortality rates higher than the national average (13 per 1,000 live births), 17 are on the borders, on the coastline, on the fringes of urban areas or engaged principally in growing basic cereals. The fact that 16.6 per cent of households in the central region and 37 per cent in the Brunca region are poor illustrates the regional inequalities with respect to low income.

6. Poverty is also closely associated with family structure (a high proportion of poor households being single-parent households, over 90 per cent of which are

headed by a woman); with dropping out of secondary school and, accordingly, with a low rate of school enrolment (42 per cent of adolescents in the country do not attend secondary school); and with immigrants, especially immigrants from Nicaragua, who constitute one of the poor groups in Costa Rica and still further overload public services and the labour market.

7. The recent performance of the economy has not been conducive to resolving the problems of poverty. The overt unemployment rate increased between 1994 and 1996 from 4.2 per cent to 6.2 per cent and the rate of underemployment reached almost 14 per cent. This indicates that the economic recession has the effect of excluding major sectors of the population, particularly women. In spite of having a longer period of schooling on average than men, women continue to be less well remunerated. Overall unemployment among women in 1996 was 8.5 per cent, while among men it was 5.3 per cent.

8. The subject of gender has a special connection with poverty in two senses: both because poverty has a more serious impact on women and on households headed by women; and because of women's potential to break the vicious cycle of poverty. In this sense, some progress has been discerned in the country, a trend which should be encouraged.

9. The country is at a transitional stage: following a period in which the preference was for welfare and "targeted" policies, there is a trend towards social development policies based on criteria of equity, greater opportunity and the quest for sustainable modes of living, together with action to support the most vulnerable groups in society. The challenge facing the country is to devise a clear long-term national strategy that would be a policy of the State, would find expression in the institutional framework and in legislation, and would offer consensus solutions reached through dialogue.

Governance

10. Costa Rica, which currently has a population of 3.6 million, has historically been, and continues to be, a society which faces great challenges and which addresses them in a gradual, but generally successful, manner. Thanks to its anti-authoritarian tradition, the country generally accepts only consensus solutions. Policies cannot be imposed by any single social, economic or political group; instead, they must pass through complex processes of dialogue and public scrutiny. While this is undoubtedly a major virtue from the point of view of democratic development, it may lead to "paralysis through analysis" and delay the implementation of policies needed by society.

11. In connection with the above, one of the key problems being discussed in Costa Rica is that of the role of the State in the development process. Many people consider that an administration that was effective in the circumstances of the past can no longer effectively meet the challenges of the present and the future. This judgement extends from the Constitution to the functioning of State machinery in the economy and in social policy.

12. Costa Rica enjoys a stable and democratic political system which has remained unchanged for over 50 years and whose roots go back even further in history. However, there are problems of governance which are related to the

erosion, in its present form, of the traditional mechanisms of political representation. This is illustrated by various recent public opinion polls, in particular the Latinobarómetro, an approved survey carried out in 17 countries of Latin America and Spain involving interviews with a thousand adults in each country and with particular reference to the public's perception of the political, economic and social situation. For example, 84 per cent of Costa Ricans considered in 1996 that politicians were "little or not at all" concerned by subjects of interest to citizens; 35 per cent considered that the political parties did not offer solutions to the country's problems, and 71 per cent said that they distrusted the Legislative Assembly.

13. In the February 1998 elections there was an abstention rate of almost 30 per cent - or 32 per cent if invalid and blank ballot papers are included. These rates are 56 per cent higher than the average over the past 40 years, a fact that provides practical confirmation of the opinions that have been noted and indicates that the loss of faith in political institutions has grown in recent years.

14. In Costa Rica there are numerous publications as well as news programmes and commentaries on television and radio. This contributes to the scrutiny of public affairs, but also tends to tarnish the image of institutions to the extent that they do not meet social expectations. One of the subjects of greatest concern to the press and to public opinion is corruption. Consequently, the institutions have set up a wide range of controls in order to avoid acts of corruption. These controls, which do not always succeed in avoiding corruption, often make it difficult to adopt and put into practice measures needed for the development of the country on account of the fear on the part of officials of becoming involved in actions that may subsequently be held to be illegal, or on account of the need to apply preventive mechanisms. In this way, they also contribute to economic losses due to excessive delays in carrying out urgent tasks.

15. There are a growing number of organizations in civil society; for example, in 1996, there were 41 chambers of commerce, 319 active trade unions, 1,481 associations of solidarity and 1,620 community development associations. The organizations of civil society are calling for more room to channel their concerns and initiatives. In this connection, there is machinery within existing legislation that is not fully used. Nor are there stable mechanisms for communication and interaction between political parties and organizations of civil society. Over and above the discussion of public affairs, it is necessary to create new opportunities to enable the organizations of civil society to participate more directly and actively in the management of development projects. This could have very positive effects on problems of poverty, environmental sustainability and gender.

16. During the past few years, there has been an increase in women's participation in politics and government activities. A reform of the Electoral Code stipulated that women must make up at least 40 per cent of the district, cantonal and provincial assemblies of political parties. In 1990, 12.3 per cent of seats in the Legislative Assembly were occupied by women. This percentage rose to 15.7 per cent in 1994 and 20 per cent in 1998, a proportion far greater than the average for the American continent (12 per cent) or for the world

(7 per cent). In 1998, the two principal political parties nominated women as candidates for the two posts of Vice-Presidents of the Republic. The extension of this encouraging trend to other areas, such as municipal elections, poses a major challenge for women's political capacity-building. Despite this progress, the targets established at world conferences and reaffirmed by the women's movement in Costa Rica have not yet been met, particularly with respect to achieving 40-per-cent representation of women in decision-making bodies.

Environmental sustainability

17. Costa Rica has a particular responsibility in the area of the environment because, with an estimated total of 505,700 species, the country is host to about 5 per cent of the earth's known biodiversity. Environmental policies have tended to concentrate on conservation and have achieved international recognition. Between 1987 and 1995, income from tourism in Costa Rica increased annually by more than 15 per cent, largely owing to the appeal of the country's ecotourism.

18. A national system of conservation areas (SINAC) has been established with decentralized functions and offering opportunities for participation by local governments and organizations of civil society. It is urgent to strengthen the legal status of these areas and to ensure that they are properly administered, and much remains to be done.

19. International interest in tropical forests, owing to their genetic potential and capacity for carbon fixation, provides Costa Rica with special opportunities of which the country has scarcely begun to take advantage. One worthy of particular attention is the possibility of bringing small rural landowners and groups of peasants, both men and women, into the new conservation economy, thus helping to solve poverty-related problems.

20. The country faces serious problems of environmental pollution and no effective solutions have been found, particularly in the case of the Tárcoles River, whose consequences affect nearly 50 per cent of the country's population. Other polluted areas include riverbeds, the air in urban areas, and the Bay of Limón; there is also a need for solid-waste disposal in the Valle Central.

21. The growing need for energy also poses major environmental problems. Despite the country's considerable hydroelectric development, there is a need to speed up the development of new energy sources and to increase consumer awareness of the need for energy conservation. Furthermore, the entire transport system relies on the use of hydrocarbons, and this dependency creates an environmental and financial burden and must be reduced.

III. RESULTS AND LESSONS OF PAST COOPERATION

22. During the past few years, the role of international cooperation in Costa Rica has changed radically. There has been a drastic decrease in assistance from bilateral sources and international financial institutions and a consequent increase in the relative importance of participation by the United Nations system. The search for greater efficiency in the use of resources has led to

the building of strategic alliances between UNDP and other United Nations bodies within the framework of the 1994-1998 country strategy note. This has demonstrated the importance of forming effective alliances in order to obtain third-party and counterpart contributions for the implementation of technical cooperation programmes and projects.

23. Costa Rica has a considerable fund of institutional and human resources for the design and implementation of development projects, which has made national execution possible for the past few years.

24. The scarcity of resources for cooperation has emphasized the need for a programme approach under which projects have a limited number of development objectives, create synergic effects and make more efficient use of resources. The potential of UNDP to mobilize resources for cooperation, coordinate the United Nations system at the country level and administer development funds allows it to play a key role in the design and implementation of programmes and to strengthen strategic alliances with other institutions and with organizations of civil society.

25. The gender perspective has been incorporated into various projects, at all stages, from design to evaluation. The training and awareness of the men and women concerned must be increased. It is also necessary to give women in recipient populations an opportunity to participate.

IV. PROPOSED STRATEGY AND THEMATIC AREAS

26. The Government will endeavour to establish a sound mechanism for the pursuit of consensus based on strategic alliances and the active participation of civil society.

27. On the basis of a diagnosis of the country's development situation, the lessons learned from past cooperation and the comparative advantages of UNDP, cooperation priorities will be established. These may be divided into three principal areas.

Support for the analysis, design and implementation of public policies

28. On the basis of the annual reports on the state of the nation, UNDP has contributed to the analysis of public policies by providing objective and valuable information, incorporating the points of view of civil society arising out of discussions held in various forums. UNDP and the other sponsors of the project intend to continue issuing those reports, stressing such aspects as gender concerns, regional disparities and local governance.

29. Another, similar activity to be continued is the Observatorio del Desarrollo (Development Observatory), a joint programme of UNDP and the University of Costa Rica aimed at the design and application of indicators useful for decision-making. The availability of objective and organized information from neutral sources contributes to solving governance problems related to the adoption of public policies, decision-making and the design of long-term strategies.

30. The growing numbers and strength of organizations in civil society provide challenges and opportunities for the design and implementation of public policies. UNDP is in a position to act as a facilitator for dialogue and consultation by organizing meetings and seminars, promoting leadership training, creating communication networks and other actions. It is particularly important to create forums for discussion in which civil organizations, political parties, universities, women's organizations and State authorities may participate with a view to creating consensus in the consultative process which the Government is promoting.

31. The Government hopes that UNDP will continue and strengthen its cooperation in the area of public policies on poverty, design of a collaborative long-term strategy, institutional and community transparency and the mainstreaming of gender concerns in anti-poverty policies and activities. It should above all stress activities in marginalized rural and urban communities.

32. Lastly, it is hoped that UNDP will continue to lend its support to the Government of Costa Rica in the reform of the tax administration and non-banking financial sector, and to the judicial authorities in the modernization begun at the beginning of the decade.

Strengthening of local capacity

33. In recent years, UNDP has acquired valuable experience in strengthening local capacity in Costa Rica, thanks to programmes in community self-management and the Small Grants Programme of the Global Environment Facility (GEF), Capacity 21, and the rehabilitation programme for communities affected by hurricane Caesar. The Government believes that UNDP could capitalize on that experience and expand and deepen its work on the strengthening of local capacity, adding new areas and organizations, with special emphasis on the development of impoverished rural and urban areas.

34. It is especially important to strengthen the capacity of local governments, whose responsibilities and authority have been increased by recent legislation, and which have a role to play in starting up the Triángulo de Solidaridad (Solidarity Triangle), identified as a priority in the government plan. It is hoped that this will create permanent links between the community, the municipality and the central Government and have an impact on local governance, poverty, sustainability and gender issues. With reference to the latter, it is especially important to train local leaders and increase their awareness in order to prepare them for participation in new decision-making processes.

35. Women's organizations, the indigenous population and other local organizations of civil society should receive special attention with a view to strengthening their ability to formulate and implement development projects, given their potential to provide new avenues for participation and to break the vicious cycle of poverty.

36. In addition to promoting the new joint plans for carbon fixation, and with a view to increasing opportunities for small producers, it is hoped that UNDP will promote sustainable methods of production based on innovative approaches to participation, technical assistance, market information and the creation of

productive links with emerging economic sectors. To that end, it will depend on the assistance of the Small Grants Programme of GEF and the Fondo de Integración y Desarrollo (FID) (Integration and Development Fund); those will need to be replenished.

Environmental sustainability

37. The Government requests that UNDP concentrate its work in four areas, mobilizing resources from programmes such as Alianzas del Sector Público con el Privado (Public and Private Partnerships) and the GEF programmes. UNDP will support cooperation with the Inter-American Development Bank (IDB) in the clean-up project for the Río Grande de Tárcoles basin, and it is hoped that UNDP will help in devising solutions to the problem of solid wastes in the Valle Central and in setting up urban electric-transport systems.

38. The Government has made the strengthening of the administration of the national system of conservation areas (SINAC) a priority; this includes mechanisms for participation by civil society and horizontal cooperation activities in such areas as biological corridors, ecotourism and the sharing of experience in the management and financing of natural-resource development.

39. UNDP cooperation is expected in the provision of energy to areas which lack access to the electrical grid, the execution of energy-efficiency projects, and also in the reduction of the use of hydrocarbons and the emissions of greenhouse gases through projects based on photovoltaic, biogas and wind energy and through hydroelectric microprojects.

40. Lastly, the Government requests UNDP cooperation in complying with the international conventions which it has signed in the areas of biological diversity, climate change, desertification, international waters and protection of the ozone layer. In all those areas it is suggested that UNDP promote activities in civil society to encourage conservation, the sustainable management of natural resources and the fight against environmental pollution.

V. MANAGEMENT ARRANGEMENTS

Execution and implementation of projects

41. The 1998-2000 cooperation framework will continue to strengthen national execution. Further study will be made of the possibility that central government institutions can assume responsibility for project implementation, which was limited in the past, and efforts will be expanded to carry out projects in cooperation with civil and non-governmental organizations.

42. Efforts will be made to apply a programme approach to such programmes and projects. In addition, it is proposed that the country strategy note be expanded in order to support the Government in the coordination of external cooperation, with a view to harmonization.

43. Given the limited UNDP resources available for Costa Rica, the mobilization of supplementary funds from other sources during the sixth cooperation cycle will be of paramount importance.

Monitoring and evaluation

44. The cooperation framework will be reviewed annually in order to assess progress towards meeting its objectives and to determine the corrective action to be taken as and when necessary. The review will require the participation of national institutions charged with project execution, authorities responsible for technical cooperation in the country and, if possible, other multilateral cooperation bodies.

45. The projects will be evaluated during annual meetings among the three parties and during monitoring visits; in addition, however, external evaluation will be required when the sums involved so warrant. The UNDP office will also take part in evaluations to be carried out by international financial organizations in the case of projects financed with loan and/or technical cooperation funds, and in which it is involved.

46. Special efforts must be made to define the criteria for success in order to evaluate the results of UNDP activities in the country. As with previous programming cycles, the evaluation of programmes and projects will depend principally on national professionals, with the use, when appropriate, of international evaluators, especially those who can draw on past experience in the region.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR COSTA RICA (1998-2000)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated carry-over	503	
TRAC 1.1.1	580	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
TRAC 1.1.3	600	
Other resources		
SPPD/STS	68	
Subtotal	745*	
NON-CORE FUNDS		
Government cost-sharing	3 000	
Sustainable development funds GEF Montreal Protocol Capacity 21	14 650 of which: 14 300 250 100	
Third-party cost-sharing	4 000	
Funds, trust funds and other Spanish Fund Poverty Initiative	1 180 of which: 1 000 180	
Subtotal	22 830	
Total	23 575	

* Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.